Beck, James Burnie

The great silver speech

Washington

1886

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No. 2

The Great Silver Speech.

REMARKS

OF

HON. JAMES B. BECK,

ON

Coin Duties on Imported Goods.

DELIVERED

IN THE SENATE OF THE UNITED STATES,

DECEMBER 21, 1885.

WASHINGTON, D. C
GRAY & CLARKSON, PUBLISHERS.
1886

SPEECH

OF

HON. JAMES B. BECK.

The Senate proceeded to the consideration of the following resolution, submitted by Mr. Beck on the 18th instant:

Whereas the laws of the United States require that all duties on imported goods shall be paid in coin; and

Whereas it is provided by section 3694 of the Revised Statutes that "The coin paid for duties on imported goods shall be set apart as a special fund, and shall be applied as follows: First, to the payment, in coin, of the interest on the bonds and notes of the United States; second, to the purchase or payment of 1 per cent of the entire debt of the United States, to be made within each fiscal year, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall, from time to time, direct; third, the residue to be paid into the Treasury:"

Resolved That the Committee on Finance be instructed to inquire whether the laws above stated now are, or have heretofore, been obeyed: and if they have not, to report by bill, or otherwise, such measures as will secure their enforcement.

Mr. BECK: Mr. President, no man will deny that the laws passed by Congress are as imperative on the highest executive official as on the humblest citizen, whether they approve them or not. I venture to assert that no man will contend that the laws recited in the preamble to the foregoing resolution either are now or have for many years past been obeyed. All sorts of excuses may be and have been offered for their violation, still the fact remains that the laws of the land have been disregarded by our executive officers, and the legislative power has been subordinated to the will of men whose duty it is to submit to them and to execute them as they exist. They have no right to decide whether a law is good or bad, politic or impolitic; so long as it is law they must be compelled to render implicit obedience to it. They have officially informed Congress for years past that they neither require coin to be paid for duties on imported goods, nor do they set apart the coin or its equivalent so received as a special fund to pay the interest on our public debt, or to procure bonds for the sinking fund. On the contrary, they admit that as the existing laws do not coincide with their views of what is politic they disregard them. I deny their right to do so, because I believe many of the evils the country is now afflicted with grow out of the disregard of the plainest provisions of law by our Treasury officials. I have no faith in the remedies which are now and have for past years been proposed for the evils they allege to exist. That the country is not as prosperous as it ought to be I admit, but I insist that the remedy is not to be found in striking down our silver coinage or the currency based upon it, but rather in requiring our public creditors to take it as the law and the contracts they required us to make demand.

I do not propose to find fault with much that is recommended by our executive officers; indeed, upon all questions, except that of coinage and the payment of our public debt, I heartily indorse what they advise. No Secretary of the Treasury has ever, in my opinion, expressed more enlightened views in regard to our present system of tariff taxation than the present Secretary, and I assume that he has but elaborated the views of the President. No more intelligent and statesmanlike message, taking it as a whole, has ever emanated from the Executive Mansion since I have taken part in public affairs; but I disagree with the President and his officials as to the management of our currency and our coinage, and I propose, respectfully but plainly, to state the reasons why, and to point out the remedy I recommend as a substitute for changes proposed in the message and official reports.

I believe that it can be demonstrated

that gold and silver coin, and the paper representatives of both, stand on an absolute equality before the law, and that three-fourths of our present troubles grow out of the refusal of our officials to pay the money received at our custom-houses to our public creditors in the manner and for the purposes prescribed by the laws of the United States. Therefore I have recited these laws, which are plain and simple, in the preamble; and in the resolution have asked the Committee on Finance to tell the Senate whether they have been executed or not; and if not, to report measures which will secure their enforcement. I admit that even when that is done other combinations must be broken up before we can become a prosperous commercial people, but as all measures for tariff and tax reform must be originated at the other end of the Capitol, I am content to await the action taken there, being confident that the Executive is in full sympathy with all proper efforts in that regard.

There can be no dispute as to the fact that there must be something wrong in the management of public affairs when the ports of great nations like Germany, France, Austria, and other countries are arbitrarily closed against our cattle, hogs, and other food products, without, as the President tells us in his message, "present prospect of reasonable change." It is not a healthy condition of things when wheat, hogs, and other farm products, debarred from foreign markets in retaliation because of our protective tariff, sell at home for prices which will barely pay the cost of production. As to them certainly protection does not protect. The great American agricultural industries, which give employment to more than half of the workers for wages, whose welfare is held up (properly so) as the highest aim of legislation, and whose products constitute at least 80 per cent. of our exports, receive no real consideration here, and are not even ranked among the industries of the country over which Congress is asked or expected to throw its protecting arm.

These great interests are the unorganized, unequipped, and therefore neglected militia, whose strength cannot be brought to bear with half the efficiency of a single regiment of thoroughly armed veterans, fighting for special interest. This is illustrated here and now by the zeal everywhere displayed by the combinations of bankers and bondholders and their able and well paid press to maintain their bonds at a premium of 24 per cent., or rather to increase that premium to 30 or 40 per cent. at the expense of the already impoverished masses of tax-payers. It seems as though it was thought to be the duty of Congress to see to it that the rich should be made richer by making the poor poorer. Why should we be in hot haste to strike down our silver currency for fear of a fall in our outstanding bonds below 24 per cent. premium? Have the representatives of the people any interest in maintaining, far less in increasing, the premium on bonds bearing 4 per cent. interest beyond 24 per cent., when we must soon become the purchasers of them at any premium, or else contract our currency at ruinous rates by locking up in the Treasury all our surplus revenue, as reduction of taxation seems to be impossible, by the passage of laws which will still further depreciate the prices of farm products, now so low that producers cannot raise them and pay wages to their laborers on which they can live?

When fat hogs sell at $3\frac{1}{2}$ cents a pound and other things in proportion, when all the world is combining to exclude our agricultural products from their markets in retaliation against our protective system, which prohibits our farmers from buying what they must have with the proceeds of what they must sell, unless they pay 46 per cent. on the average more than they are offered them for, in order to enrich a few organized combinations of manufacturers, who seek no markets abroad and refuse to sell their products in competition with so-called paupers with whom the farmers must compete, our condition is not satisfactory.

But I agree that the Senate cannot inaugurate measures to relieve the country from oppressions of that character; therefore I propose to seek relief in the treatment of our circulation, not by destroying it, but by extending its usefulness. The present crusade against silver is only another evidence of the audacity of the organizations of wealth; they have always secured all they demanded, however unjust their demands; they have succeeded in alarming the President and the Secretary of the Treasury as they have done several preceding administrations; they threaten to use the power which our laws give them over our currency, of withdrawing from circulation among the people and, if need be, from the country the gold they control, and thus derange, even if ruin follows, the business of the people. Every concession increases their audacity and adds to their power. A stand must be made somewhere by the representatives of the tax-payers, or an absolute surrender of all the monetary interests of the country into their hands must follow,

A mere reference to the past legislation of Congress on this subject proves what I say. When it was first asserted, in 1868, by the bondholders, as the time approached when the United States could lawfully pay off the 5-20 6 per cent. bonds, and when the outstanding principal of the public debt exceeded $2,600,000,000, that the honor of the country demanded that the principal as well as the interest on the bonds should be paid in gold or silver coin, a cry of indignation was raised all over the land against such a demand by all honest, disinterested men,

They were told, and told truthfully, that all the bonds they held had been purchased with legal-tender notes at par; that for each $100 in greenbacks they paid to the Government they had received a bond for $100, bearing 6 per cent. interest, payable in gold or silver coin; that the greenback when they exchanged it for the bond was only worth 50 cents on the dollar in coin, and that it was an outrage in the face of the contract they had made, with the privileges given to many of them in addition as national bankers to have currency issued for them to loan out on the security of their bonds equal to 90 per cent. of the bonds deposited, to demand that the principal of their bonds should be paid in coin. They knew—everybody knew—that the claim was false. The legal-tender notes had and continue to have an indorsement on their back that "This note shall be receivable at its face value for all debts, public and private, except interest on the public debt and customs dues," so that there could be neither doubt nor dispute either as to the law or the fact. Nobody denounced the impudent demand of the bondholders more emphatically than the present presiding officer of the Senate [Mr. Sherman]. He said in his letter to a friend in 1868:

DEAR SIR: I was pleased to receive your letter. My personal interests are the same as yours; but, like you, *I do not intend to be influenced by them.* My construction of the law is the result of careful examination, and I feel quite sure an impartial court would affirm it, if the case could be tried before a court. I send you my views as fully stated in a speech. Your idea is, that we propose to repudiate or violate a promise when we offer to redeem the "principal" in legal-tenders.

I think the bondholder violates his promise when he refuses to take the same kind of money he paid for the bonds. If the case is to be tested by law, I am right; if it is to be tested by Jay Cooke's advertisement, I am wrong. I hate repudiation, or anything like it, but we ought not to be deterred from doing what is right by fear of undeserved epithets.

If under the law as it stands the holders of the five-twenties can only be paid in gold, then we are repudiators if we propose to pay otherwise. If the bondholders can legally demand only the kind of money he paid, then he is a repudiator and extortioner to demand money more valuable than he gave. Truly yours,

JOHN SHERMAN.

Every word he said was true, and remains true to this day. The pledge is on the back of every greenback now that it shall be receivable, at its face value, for every debt, public and private, except interest on the public debt and customs dues. The men who demanded more were repudiators of the public faith and credit, as he truthfully and indignantly said. Mr. Stevens, then the leader of his party, denounced their claim still more fiercely, and threatened to abandon his party and join the Democracy, even with "Frank Blair" on the ticket, rather than countenance such an outrage on public decency.

The subsequent legislation by Congress only proves the truth of Macaulay's observation that if large pecuniary interests were concerned in denying the truth of the attraction of gravitation that most obvious of physical facts would be strongly and ably disputed.

It seems to me that any set of men who would deny the fact that the legal-tender note, indorsed as it was and is, which had purchased the bonds at its face value should be received again by the bondholder in payment of the principal of the obligation he held, would not hesitate to deny the truth of the attraction of gravitation.

Yet these men not only denied it, but in 1869 procured the passage of an act of Congress, against the vote and protest (I am happy to say) of every Democrat in both Houses, declaring that the principal of the bonds should be paid in coin—in gold and silver coin, as both are named. Legal-tenders were only worth 50 cents on the dollar in coin when the bonds were bought; they were worth from 66 to 70 cents when this act was passed. The act was simply legalized robbery. The bondholders and their attorneys in and out of Congress knew it, and knew that no court would sustain such a law. The indorsement could neither be erased nor sworn off the back of the legal-tender note, and nobody could plead ignorance of the law or the fact that it was to be received at par in payment of the principal of all our bonds.

Therefore they caused the act of July 14, 1870, to be passed, extending the time of payment, reducing the interest, and exempting the new bonds in express terms from all taxation, State, Federal, or municipal; and to prevent all mistake or misapprehension as to the character, quality, and weight of the money in which payment of the new bonds should be made, they caused to be printed on each bond as part of its obligation, "that it

shall be paid in coin of the standard value prescribed by law on the 14th of July, 1870." The present gold and silver coin are both of the standard value prescribed by the law of July 14, 1870, and were then as now both full legal-tenders for all our obligations. All the bonds that mature in 1892 and 1907, amounting to about $1,000,000,000, stand to-day unchanged, and payable as required by the act of 1870. The remnant of those payable now have been changed, the interest has been lowered, and the time extended, but the same provisions govern them, and the same conditions are written out as part of the contract in all of them. Let me read. Inscription on face of bonds of the 5 per cent. funded loan of 1881:

This bond is issued in accordance with the provisions of an act of Congress entitled "An act to authorize the refunding of the national debt, approved July 14, 1870, amended by an act approved January 20, 1871, and is redeemable at the pleasure of the United States after the first day of May, A. D. 1881, in coin of the standard value of the United States on said July 14, 1870, with interest in such coin from the day of the date hereof, at the rate of 5 per cent. per annum, payable quarterly on the 1st day of Feburary, May, August and November, in each year. The principal and interest are exempt from the payment of all taxes and duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority.

Extract from face of United States 4 per cent. bond:

"This bond is issued in accordance with the provisions of an act of Congress entitled "An act to authorize the refunding of the national debt," approved July 14, 1870, amended by an act approved January 20, 1871, and is redeemable at the pleasure of the United States after the 1st day of July, A. D. 1907, in coin of the standard value of the United States on said July 14, 1870, with interest in such coin from the day of the date hereof at the rate of 4 per cent. per annum, payably quarterly on the 1st day of October, January, April, and July in each year. The principal and interest are exempt from the payment of all taxes or duties of the United States as well as from taxation in any form by or under State, municipal, or local authority."

In the face of these facts it is simply absurd for anybody to assert that they are payable in gold alone, or that the tax-payers of the country are under any obligation, express or implied, either to demonetize or stop the coinage of the silver dollar, which is of the standard value required by the act of July 14, 1870, or to increase its weight thirty, forty, or any other number of grains, because England, to whom we have ignominiously surrendered the carrying trade of this country and the world, with her 200,000,000 of serfs in India and elsewhere, and Germany, after extorting $1,000,000,000, of gold from France, have combined in the interest of their money-changers to depreciate silver, or put up the market price of gold 20 per cent.

If the gold mines of California and Australia had continued to produce abundantly, and the Comstock lode and the Leadville mines had not produced silver, so that the market value of the two metals as bullion in London had been reversed, the argument could be made quite as plausible that the silver dollar was the constitutional unit of value in 1870, which the bondholders have a right to demand.

There is not an outstanding obligation of the United States, nor of any State, municipality, corporation, or individual which can not be legally and honorably discharged by the payment of the present standard silver dollar. What right has Congress to deprive the debtor of that right by adding more silver to the coin than he agreed to pay, or by stopping its coinage so that he can not obtain it? It is as palpable a violation of a contract to increase the obligation of the debtor as it is to impair or reduce the standard value of the coin which the creditor stipulated in his contract should be paid to him. When Congress has once coined money and regulated the value thereof, and contracts are based upon it, the right to pay according to its terms can not rightfully or justly be taken from the people, and Senators and Representatives who deprive them of that right will have unpleasant explanations to make to the men whose burdens are increased by their vote. It is simply an attempt to repeat the legislation of 1869, and the same pretenses are made now that were made then. An honest dollar for the laboring man was then as now, held up as the patriotic object of those who repudiated the greenback, as higher wages to labor is claimed to be the prime object of all the patriotic combinations of monopolists and machine-owners, who tax us all 46 per cent. under the present protective tariff and yet hire the cheapest pauper labor they can import. It is the wolf guarding the lamb, the spider the fly, and the hawk the sparrow.

I propose to test this question in the light of the facts furnished us by our Treasury officials. We are, of course, as good judges of the value of the facts they furnish and as competent to draw correct conclusions from them as they are. The last report from the Treasury Bureau of Statistics, relative to our foreign commerce for the fiscal year of 1885, proves that there is no such condition either in our trade or exports of metals, whether of coin or bullion, as to render it necessary to strike down our silver coinage. It shows (page 1) that our total exports for 1885 were $726,682,946, and for 1884, $724,864,852, while our total imports for 1885 were $577,527,329, and for 1884, $667,697,693.

It will thus be seen that while the value of our exports in 1885 exceeded those of 1884 our imports were more than $90,000,000 less. The same report shows that for 1885 our exports of gold were $8,477,892, and for 1884, $41,081,957, or over $32,000,000 less for the last fiscal year than for the year before. Our exports of silver for 1885 were $33,750,633, and for 1884, $26,051,426, or nearly $8,000,000 more last year than the year before, while our imports of gold last year exceeded those of the year before nearly $4,000,000. These facts falsify the clamor that gold is fleeing from our country, and proves that all the (pretended) evils of a single depreciated silver standard are myths.

Nor is it true that our silver coin has depreciated since July, 1870, when tested by any other standard than the market value of bullion in London.

The report above referred to (pages 5 and 6) gives the New York or export prices in currency of the commodities which constituted over 80 per cent. of our exports, nearly all agricultural products in 1870 and 1885; from which it will be seen that the silver dollar, which it has become fashionable to malign and denounce in aristocratic circles, will now purchase from 25 to 50 per cent. more of all that the toiling millions of this country labor to produce, and of all that men need money to obtain, than it would in July, 1870. To avoid all dispute as to these facts I quote the language of the report, as follows:

The following table shows the annual average export price in currency of the articles of domestic product named, and for the years indicated:

Articles.	Year ending June 30— 1870.	1885.
Indian corn..............per bushel..	$0 92.5	$0 54.0
Wheat..............do....	1 28.9	86.2
Wheat flour..............per barrel.	6 11.2	4 89.7
Cotton..............per pound.	23 5	10.6
Leather..............do...	28.5	19.8
Mineral oils, refined...per gallon.	30.5	08.7
Bacon, hams..............per pound	15.7	09.7
Lard..............do....	16.6	07.9
Pork, salted..............do....	13.3	06.3
Beef, salted..............do....	07.3	07.5
Butter..............do....	29.3	16.8
Cheese..............do....	15.5	09.3
Eggs..............per dozen .	39.6	21.5
Starch..............per pound..	08 2	04.0
Sugar, refined..............do....	12.6	06 4
Tobacco, leaf..............do....	11.3	09.9

In the face of these official facts and figures as to our trade, and exports and imports of gold and silver, and the comparative purchasing power of the silver dollar now and in 1870, I repeat: Why should it be stricken down, or its purchasing power further increased 20 per cent. by adding 40, 50, or any other number of grains to its weight? In other words, why should every producer and debtor have to give 20 per cent. more of the products of his labor to obtain either a new silver dollar or gold coin with which to pay his debts than he does now, when he is already paying his obligations according to the terms of his contract in a coin which will procure for its owner much more of all he needs than it would in 1870? It is only another phase of the constant struggle of the rich to grind the face of the poor, and the favored few to enrich themselves by class legislation.

While no one can deny that every obligation of the United States and every contract within our own borders can be discharged honorably with the present silver dollar, we are told that our foreign obligations and relations are such that gold will be at a premium very soon, and we will be on a basis of degraded silver at once if we do not increase the weight or stop the coinage of silver; that all Europe is horrified at our stupidity or dishonesty, or both. Even England, whose gold is said to be used so freely to buy Senators and Representatives to vote for revenue tariffs against protection to monopolies called American industry, is held up now by the gold monometallists as an example worthy of all imitation; her financial policy is lauded as the perfection of human wisdom. Fortunately the official reports overthrow all the reckless assertions of the gold worshipers. The Register of the Treasury (see report for this year, page 4), shows that out of $1,071,460,262 registered bonds of the United States outstanding only $11,927,900, or a little over one-tenth of 1 per cent. is held abroad, and of those which can be paid before 1892, foreigners hold only $34,150, which is less than the interest on the money now lying idle in the Treasury for one day at 3 per cent. per annum.

These facts coupled with the fact that our exports of goods exceeded our imports $130,000,000 this year, and our imports of gold exceeded our gold exports $18,213,804, an amount greatly exceeding all our bonds held abroad, settle the question. The falsity of the clamor about foreign complications or gold premium is made too apparent for any sensible man to be deceived by it.

The press is filled with articles day by day which seek to make people believe that all other nations have ceased to coin

silver, and that we alone are stubbornly persisting in forcing it upon this country after it has been abandoned everywhere else.

I propose to disprove these allegations by officially stated facts. The Director of the Mint in his last report shows (pages 131, 132) that for the year 1884 the world's production of gold was $95,292,569; of silver, $115,147,878; and that $99,459,240 of gold was coined, while the coinage of silver last year amounted to $90,039,443, of which the United States coined $23,991,756 of gold, and $28,534,866 of silver. Other nations, therefore, coined in 1884, $61,504,577 of silver, showing that we are far from being alone in the coinage of that metal. England coined $3,204,824 of silver last year and $6,201,517 the year before, to add to her stock which has been accumulating for generations; while she has coined silver for India in the last three years to the value of $68,234,000.

The workers for wages in England to-day get their pay in silver coin, and the question is never mooted by them as to the comparative bullion value of the silver and gold coin of that country. Even Germany, notwithstanding she pretended to have demonetized silver twelve years ago, coined in 1882 $6,407,157 of it to add to her vast stock on hand; her laborers are paid in it now. No complaint is made anywhere, here or in Europe, about silver coin except by the holders of our bonds, who seek to increase largely the purchasing power of gold, or, which is the same thing, reduce the value of all our property from 25 to 50 per cent. below its present value when tested by the single standard of gold, which they claim shall be paid by us to them and to them alone. They do not seek to establish the single gold standard, they say; they are bi-metallists. They agree that silver is a legal-tender for all debts and obligations of the Government, except those held by them. It is good enough to pay the laborer, the soldier, the sailor, in short, all who work for the United States, but they insist that it is dishonest in us to pay it to them, although their bonds and obligations all show on their face that it is a legal-tender in payment of them all so long as it is coined of the standard value fixed by law July 14, 1870, as it is now and always has been.

Our dollar is more valuable than that coined by most of the other leading nations, France included, theirs bearing the relation of 15½ to 1 with our gold, while ours is 16 to 1. I need not repeat in detail what the official reports show in regard to the gold, silver and paper currency of the several countries. It is sufficient to prove by them that while the difference in the market value of gold and silver in London operates to degrade their silver coin more than it does ours, France and other countries maintain their silver and paper in all transactions, public and private, at par with gold under far greater difficulties than we have to contend with, no matter from what standpoint the comparison is made.

The Comptroller of the Currency in his last report, page 26, says:

From information communicated to the State Department by the Minister of the United States to France, it appears that notes of the Bank of France are legal-tender, and are redeemable at sight, either in gold or silver 5-franc coins, at the option of the bank (silver coins of smaller denominations being legal-tender only to the extent of 50 francs.)

On October 1, 1885, as shown by the returns of the Bank of France, the notes in circulation amounted to 2,786,051,930 francs, the bank holding at that time cash amounting to 2,265,636,853 francs, of which 1,162,987,434 francs was gold and 1,102,649,419 francs silver.

It will be observed that the Bank of France alone holds more silver coin than the total silver coinage of the United States. Up to July 1, 1885, we had only coined 203,000,000 silver dollars. The silver coin in the Bank of France, at five francs to the dollar, amounts to $220,529,884, or over $17,500,000 more than our total coinage. How many millions more are in the hands of her people I am not advised—more, perhaps, than are held by the Bank of France, yet they are all a full legal-tender and all as good as gold.

France is little more than two-thirds as large as the State of Texas; her internal trade and commerce is a mere bagatelle compared with that of this almost boundless continent; her population is not two-thirds as large as ours and far less enterprising; her foreign commerce is much smaller than ours; gold can be transported from the Bank of France in Paris to the Bank of England in London in a few hours; they are not so far apart as New York and Washington. Why is it not done? Why is she not brought to the so-called degraded silver standard? Five more years of coinage of silver at the present rate will not bring ours up to hers either in volume or proportion to gold. Simply because her officials and her public creditors sustain her silver and do not repudiate it nor seek to degrade it, as ours have done for years past and still continue to do in violation of the plainest provisions of law.

As I have stated in the preamble to my resolution, our customs dues are made payable in coin, and section 3694 Revised Statutes provides that—

The coin paid for duties on imported goods shall be set apart as a special fund, and shall be applied as follows: First, to the payment in coin of the interest on the bonds and notes of the United States; second, to the purchase or payment of 1 per cent. of the entire debt of the United States, to be made within each fiscal year, which is to be set apart as a sinking fund, &c.; * * * third, the residue to be paid into the Treasury.

No Secretary of the Treasury can mistake his duty under that law; no public creditor can complain when the interest on his bond is paid in the coin which is set apart as a special fund, first for the payment of the interest due him. Yet millions, hundreds of millions, have been paid for duties on imported goods since 1878 in silver coin and silver certificates, which is only a convenient form of handling silver, as the coin they represent is ours when the certificates are paid to us; yet not one dollar, so far as I am advised, has ever been paid in silver as interest on the public debt or in the purchase of a single bond for the sinking fund, though it has been recognized as a coin which constituted the special fund created by law by its acceptance in payment of duties on imported goods. The public creditors have unjustly demanded gold for the interest on their bonds without any semblance of right, and every Secretary of the Treasury has disregarded the law and acceded to their demands. Our officials have thus aided and abetted the organization of the most powerful body of capitalists in the United States against silver coinage; men who control the currency of the country and hold the obligations of all its business concerns; men who can inflate or contract the circulating medium upon which all our commercial transactions depend; men that hold $737,742,850 of bonds of the United States maturing in 1907, on which they now demand a premium of 24 per cent., and seek by striking down silver still further to increase their premiums.

They hold also $250,000,000 of our bonds payable in 1892, which they seek to enhance the value of even beyond the 12 per cent. premium they now command. These men control boards of trade, chambers of commerce, and the best talent of the press; they can crush all who are in debt if they dare to dissent from or object to the demands they make; the reports of their conventions and speeches are laid before us with a parade and semblance of authority equal to the report of the Secretary of the Treasury or the message of the President.

I shall not be surprised if they dominate this Congress, but it will be after I have entered my protest against it and have given to the country my reasons for so protesting.

If the managers of the finances of France had treated her silver coinage as our officials have ours she would have been prostrated, financially, at the feet of England and Germany long ago.

Why have the holders of the dishonored trade-dollar been importuning Congress for years to give them in exchange for it a standard dollar containing 412½ grains, while it contains 420? Simply because one is a legal-tender and will pay the debts of its owner, and the other will not. Yet tested by the bullion value the trade-dollar is worth the most. When our Treasury officials yielded to the clamor of the bondholders and violated the law by admitting their right to refuse silver received at the custom-house in payment of the interest or principle of their bonds, they degraded our standard silver dollar by depriving it of its most important function as a legal-tender; and now, having captured the executive branch of the Government, the bondholders and their attorneys are besieging Congress to enforce their demand for gold alone in the settlement of their claims, all law, justice and equity to the contrary, notwithstanding, by striking down the silver of the standard value of July, 1870, which they then demanded and inserted in the face of every bond they hold as one of the coins in which the bond should be paid. It is hard to do justice to their audacity in temperate language; I hardly think I am equal to the task, and will not attempt it. I can, however, get the facts before the people.

The last report of the Treasurer, page 35, shows that the receipts at the New York custom-house for the fiscal year 1885, were paid as follows:

United States legal-tender notes	$36,161,000, or	28.9 per cent.
United States gold coin	1,544,000, or	1.2 per cent.
United States gold certificates	42,779,000, or	34.1 per cent.
United States silver certificates	44,660,000, or	35.6 per cent.
United States silver coin.	158,000, or	0.1 per cent.
Total	125,302,000 or	100 per cent.

It is fair to assume that the payments at the other custom-houses were made in substantially the same character of money. It will be observed that more of the customs dues were paid in silver and silver certificates than were paid in gold and gold certificates; all of it is by law a special fund which can not legally be paid or covered into the Treasury till the interest on the public debt is paid out of it, and the bonds for the sinking fund are purchased or redeemed.

These, together, required about $108,000,000, yet not a dollar of silver has been

so applied; it is paid into the Treasury and held there, and a clamor is raised that it can not be again got into circulation. If the law was obeyed and the bondholders required to take the same proportion of silver dollars that the Government receives through its custom-houses, the bondholders would have no difficulty in getting them all into circulation; and when it is made their interest to maintain and support the silver they own we would hear no more about its being dishonest money. The Secretary says (page 14 of his report) that the balance in the Treasury has been increased from the 4th of March, 1885, to the 1st of November, 1885, $5[illegible],053,702.27, yet there has been no reduction of the interest-bearing debt (and that is the only debt that is a burden on tax-payers) since November, 1884, certainly not since March, 1885. The monthly reports shows $194,000,000 of 3 per cent. bonds then outstanding and precisely the same amount in November.

How is the surplus silver coin to get out of the Treasury if the Secretary refuses to pay it out for interest and refuses to call in the bonds which are now payable?

There is no more effectual or pernicious method of contracting the currency than by collecting by taxation a large sum in excess of the needs of an economically administered Government and locking it up in the Treasury. Every dollar needlessly taken from the tax-payer wrongfully deprives him of that much capital which he needs and labored to obtain, and when it is locked up the circulating medium which all the people want is wrongfully withheld from them. The thief who steals and squanders an unneeded surplus locked up in the Treasury vaults would inflict less injury on the country and its business if the money he stole was put in circulation, than a Secretary who holds and hides in vaults currency which the people want, and refuses to use it to pay the debts especially interest-bearing debts, which the men who own this money owe. It is to raise a clamor about a surplus, but it will be more difficult to explain to the people why such vast amounts of the money they have been so heavily taxed to furnish is lying idle in the overloaded Treasury vaults, and they deprived of its use, while interest is running against them on bonds which can be and ought to be paid. The idle money when paid out for interest on bonds would at once be released and restored to circulation.

Speaking of circulation, we are constantly told that there is now a great abundance of it outstanding; indeed, we are officially advised that the legal-tender notes and the silver certificates should all be withdrawn—I presume because of the superabundance of currency. Let us look for a few minutes at the effect of these recommendations, if carried out, and see how far these certificates are now used as currency.

It was the avowed purpose of the advocates of both gold and silver certificates, and I was one of them, to furnish a safe, convenient paper currency, every dollar of which could be used just as the coin paid for it could be, and which would be secured by the deposit of an equal amount of coin in the Treasury. No better security could be asked or given. It was not thought desirable to have the coin of either metal exposed to the risk of loss or reduction of value by the abrasion which necessarily accompanies its active use. The transportation of both was known to be dangerous and expensive; all the expense and risk, as well as the deterioration of the coin, was avoided by the use of the paper substitutes, while the United States were sure to be amply compensated for all the expenses incurred for vaults, custodians, and everything else.

We—I mean by we all the people—received a coin dollar for every paper dollar issued. We only pay out the coin on the paper brought back to our agents. All of it that is lost by fire, flood, or the thousand accidents that all transitory things are subject to, is our gain. We had experience in operations of that sort, and knew that they were profitable. Forty-five millions of dollars of fractional currency was issued. We afterward called it in for cancellation, and we now know that $15,000,000, or one-third of it, has been lost or destroyed. We made $15,000,000 out of that issue, as we received full consideration for the whole amount issued We only redeem such national bank notes as are returned; and the amount now known to be lost is so great that the Comptroller is devising all sorts of ingenious plans in his report to get it away from us for the benefit of the banks. None of them lost any of it. The people who borrowed it or worked for it, after the banks got value received for it, were the sufferers; yet the Comptroller wants it all for the banks. I expect they will get it. They have as much right to it as to have their interest and principal paid in gold alone or to have our silver stricken down. I have no idea that $300,000,000 of the $346,000,000 of greenbacks charged in the reports as outstanding could be returned if they were called in to-day. All lost is clear profit to the Government. It is a sufficient answer to all the clamor about expense and vaults that the coin is preserved from loss and from abrasion, and that our gain from the loss of outstanding, if it is kept in denominations in which it will circulate, as it ought to be, will amply compensate the United States for all the expenses of its safe-keeping.

The object we all had in view by keeping in actual use paper substitute for gold coin to the extent of the coin deposited has been grossly perverted. The coin is locked up, and four-fifths of the certificates issued are of such high denominations that they are of no sort of use as currency.

The Treasurer's report, page 23, shows that on the 30th of June, 1885, the outstanding gold certificates amounted to $137,760,860, of which all but $33,360,000 were in denominations of $500 and upward, more than $55,000,000 of them being for $10,000 each. It is obvious that the people get no benefit in the form of currency when bills or certificates exceed $100.

The Director of the Mint, on page 29 of his report, speaking of these paper substitutes, says: "As these certificates represent coin in the Treasury, which coin can only be used in their redemption, they really form a part of the active coin circulation of the country" The Director, perhaps, did not know that $55,000,000 of them were for $10,000 each, as it would be absurd to speak of such notes or certificates as forming part of our active circulation.

The Treasurer's report (page 24) shows that on June 20, 1885, silver certificates amounting to $139,901,646 were outstanding, and that $103,758,091 were in ten and twenty dollar bills, in about equal proportions. None were higher than $1,000; so that the only real currency furnished to the people in the shape of certificates is that based on the deposit of silver coin. Yet the dollars so deposited are held up as useless incumbrances, performing no function of value, and all our officials join in the crusade against them and the certificates that represent them, and urge Congress to withdraw the one and stop the coinage of the other. I do not propose to do either unless better reasons are given why it should be done than any I have yet seen or heard. I would, however, amend the law so that no certificate should be of a higher denomination than $500, and not more than 25 per cent. of the amount outstanding at any time should be of denominations higher than $50. The legal-tender notes, too, are attacked. It seems as though every form of currency which costs nothing and enriches nobody is condemned.

It is assumed that the Government has no right to use its own credit or to furnish any part of the currency the people need. Legal-tender notes are denounced as a forced loan, as rag-babies, shinplasters, indeed every opprobrious epithet has been hurled against them by those who insist that they must be vested with the sole right to issue currency to loan at a profit to themselves, and to dictate through their organization how much or how little it is most profitable to them to keep in circulation. But the people and their representatives have so far sustained the greenbacks, and while they have always been repudiated to the extent that they could not be legally paid at the custom-houses for duties on imports, and that is the law now, over $47,000,000 of them were received for duties last year in New York alone by executive orders in plain violation of law. The majority of the Senate refused last year to make them receivable for duties, and yet we permit $47,000,000 of them to be so received. I have a bill now before the Finance Committee making it legal to receive them for customs dues, as I believe they ought to be; yet I insist that no executive officer ought to be allowed to do anything in violation of law, or to be placed in a position in which he feels authorized or compelled to disregard it.

Congress by the act of May 31, 1878 (see Statutes at Large, volume 20, page 87), made an effort to retain what was then left of the legal-tender notes, and to preserve them in such shape that they would be currency in the hands of the people. We provided, in substance, that whenever legal-tender notes are received at the Treasury from any source they shall not be retired, but shall be reissued and paid out again and kept in circulation, and that new notes of the same denomination of those returned because too much mutilated for use shall be issued in their stead. It is obvious that Congress did not intend to allow any increase of the denomination of the legal-tender notes above what existed when that act was passed, yet the table on page 20 of the Treasurer's report, shows that bills of the denomination of $500 have increased in the last year nearly $10,000,000, while those of smaller denominations have been proportionally decreased.

There can be but one purpose in this attack all along the line on everything except gold and national bank notes, and that is to transfer to the holders of our bonds absolute power over the currency, which means over the business of the country.

The report of the Comptroller of the Currency develops that purpose, perhaps, more plainly than the others. After insisting that Congress should repeal the tax on circulation, give up the profit made on the lost bank notes, or put it into a safety fund with other things for the benefit of the banks, he adds, on page 18:

> Such legislation would have the effect of maintaining bank-note circulation, and prevent its being superseded by Government issues, which an authority as high as Alexander Hamilton has said "are of a nature so liable to abuse, and it may even be affirmed so certain of being abused, that the wisdom of the Government will be shown in never trusting itself with the use of so seducing and dangerous an experiment."

I assume that it is too clear to admit of debate, no matter what Mr. Hamilton or anybody else said, that a circulating note, in any form, properly secured, is as good when issued by the Government as a like note would be when issued by a corporation created by the Government and secured by a Government bond; and hardly anybody but the Comptroller or a bank attorney would venture to assert that the Secretary of the Treasury is not likely to be honest and careful of the public interest in maintaining and keeping the necessary amount of circulation afloat for legitimate business purposes as bank presidents would be, who are under no obligation to consult the public welfare, but, as the private interests of their stockholders demand, may contract or expand their issues as the one course or the other best subserves their private ends regardless altogether of the public weal; indeed, they are apt to be enriched when they can most surely oppress the masses.

Yet, in the face of his claim that all other circulation is unsafe, the Comptroller shows that the decrease in national bank circulation in the last three years amounts to over $48,000,000, and says that it would have decreased $25,000,000 more if the Secretary of the Treasury had not come to their rescue by refusing to use the money at his command in the purchase of the 3 per cent. bonds on which their circulation is based: in other words, the people have lost over $2,000,000 of interest, and the bankers have made $6,000,000 on interest by the operation. The Comptroller shows very clearly why the bondholders are so anxious to get clear of the silver dollar; they fear that the premium on their bonds will fall if they are paid in whole or in part in silver. But he stated the whole case so clearly that I will read, on page 15 of his report:

> It will be seen that the banks held on November 1, 1884, $155,604,400, and on November 1, 1885, $138,920,650, of 3 per cents. under the act of July 12, 1882, payable at the pleasure of the Government. The Secretary of the Treasury, during the year ending November 1, 1883, paid $105,634,150, and during the year ending November 1, 1884, $105,970,450 of the public debt. In the latter year 3 per cents. only were called. No bonds were called for the year ending November 1, 1885. Reasoning upon the theory that the public debt would, during the year ending November 1, 1885, continue to be reduced by the payment of 3 per cent. bonds, and that this reduction would occasion the reinvestment of trust and other funds invested in threes, and cause a greater demand for and consequent increase in the price of 4 per cent. bonds to a point at which it would be more profitable for the national banks to sell them, the Comptroller estimated in his last annual report to Congress, that unless legislation should be secured enabling the banks to issue currency at a fair profit, circulation would be reduced at the rate of at least $40,000,000 per annum. It is believed that this estimate would have been substantially correct had the Government continued during 1885 to call and pay the 3 per cent. bonds as rapidly as during the two previous years.
>
> The reduction of circulation of national banks during the year ending November 1, 1885, for reasons other than the call of bonds by which it was secured, was greater than anticipated. The causes which have led to this result are small profit remaining to national banks on circulation after paying the tax of one per cent. per annum imposed by the Government; reduction in the rates of interest throughout the country, occasioned by the abundance of money in the financial centers; and, doubtless, uneasiness among certain of the bankers of the country as to the outcome of the increase of silver in the Treasury, *such increase indicating that possibly the interest on the public debt, and even some portion of the principal, might be paid in standard silver dollars*, and that Government bonds might thereby become depreciated in foreign markets, which would undoubtedly affect their price in this country. The credit and standing of this country is deservedly high, and it is not believed that the people desire either the principal or interest on the bonded debt of this country to be paid in anything but gold coin or its equivalent.

I think the Comptroller makes it clear that the country can not afford to rely for its circulation on national bank notes. He asserts that the bankers will surrender their circulation and sell the bonds upon which it is based, regardless altogether of the public needs, whenever they can make more money by selling the bonds than they can by loaning the circulation. We all know that to be true.

Can Congress afford to vest absolute power over the contraction and expansion of the circulating medium which regulates all our transactions exclusively in the hands of men who gamble with it for private gain without any sort of public responsibility?

I think not; yet, if we retire the greenbacks and the silver certificates, as our officials advise us to do, we will have no currency but national bank notes left, *which they can expand or contract at pleasure.* Nobody pretends that in the reduction of these notes from $324,000,000 in November, 1882, to $276,000,000 in November, 1885, the public interests or needs were for a moment considered.

I desire to state with great distinctness that I am not making war on bondholders or national banks or bankers. I voted to renew their charters, to repeal all taxes on their capital and deposits, and will cheerfully vote for any and all measures necessary to add to their usefulness, either by increasing their circulation to par with the bonds deposited, or, if it can be done with justice to their competitors in business, reduce or repeal the tax on their circulation. But I would require them to take the same coins, both gold and silver, that all other creditors of the Government receive. I shall always oppose the grant or recognition of any superior rights or privileges in them or in the obligations they hold over those of other citizens. I would divorce them from politics, and deprive them of power to control or influence legislation by contracting or expanding or by threatening to interfere with our currency, as was done when they obtained President Hayes' veto on a memorable occasion. I would require them to obey the law and receive the coin which we take at the custom-house and set apart as a special fund for their security and payment. When we say by law, as we have done, that "no national banking association shall be a member of any clearing-house in which such (silver) certificates shall not be receivable in the settlement of clearing-house balances," I would forfeit the charter of any bank that dared to disobey the law, as I would fine and imprison any officer of any of them who would certify checks when the funds were not actually in the bank at the time.

In short, no set of men should be allowed to exercise privileges prohibited by law, nor have rights given to them in regard to the character and quality of the coin in which their debts shall be paid which are denied to all other equally meritorious creditors; and no set of men should ever have power to regulate or control as their private interests may be affected, the currency or the business of the people. If that power is yielded or conceded to them, with legal-tender notes and silver certificates withdrawn and gold paid to them, and to them alone, for their interest and bonds, Congress would be powerless to resist any demands our bondholders and bankers might make. I know their power and appreciate the adroitness with which they can have their claims presented. Even the President in his message has been induced to say that up to the present time only about $50,000,000 of the silver dollars we have coined have found their way into circulation. He modified that statement by showing that a large amount of silver certificates were outstanding.

But the press of the country has taken up the first statement, leaving out all the qualifications, and parade it before the country as conclusive evidence that too much silver has already been coined, and that all of it is an incumbrance except about $50,000,000. They utterly ignore the fact which the official reports show that at the close of the last fiscal year, June 30, 1885, out of a total coinage of $203,000,000, $140,000,000 in round numbers was in active circulation in the form of silver certificates, in addition to the coin in the hands of the people, of which certificates $44,660,000 was paid to the Government for customs dues during the last fiscal year at the port of New York alone—more than was paid in gold and gold certificates combined. Why is not the coin represented by these certificates as much in active circulation as if it was passed from hand to hand as often as the certificates are? I ask, is it fair to complain of the silver held in the Treasury as being expensive and useless, under such circumstances, and yet not utter one word of complaint in regard to over $137,000,000 of gold coin locked up, at the same time and in the same way, represented by the same sort of certificates, most of them in a far less useful form? If our officials would unlock the Treasury vaults and our interest-bearing debt with the money they are complaining of being overwhelmed with they would be doing their duty more satisfactorily than by the course they are now pursuing.

The President says:

> A special effort has been made by the Secretary of the Treasury to increase the amount of our silver coin in circulation.

Let him make one more effort and pay out the $60,000,000 or $75,000,000 he received for customs dues, and which he has no use for, in payment of interest and in the redemption of the bonds now redeemable, and the ordinary expenses of the Government will keep the vaults reasonably clear of all, not represented by certificates or bills, which the people have a right by law to demand on making a deposit of coin. No public creditor other than the bondholder has ever complained when payment is made to him in silver or silver certificates. All other creditors are entitled to the same consideration as the holders of our bonds. We as a taxpaying people are not interested in keeping our bonds 24 per cent. above par when we must soon buy them with our surplus revenues.

I may observe here that silver certificates are now and have always been a popular currency.

The Treasurer in his last report, pgae 24, says:

> The issue of silver certificates by Treasury officers in the South and West for gold coin deposited with the assistant treasurer at New York, under departmental circular of September 18, 1880, was discontinued in January last. The amount which had been issued in that manner to the date named was $80,720,500.

The Treasury order referred to reads thus:

> "TREASURY DEPARTMENT,
> "SECRETARY'S OFFICE,
> "WASHINGTON, D. C., September 18, 1880.
>
> "Until further notice the United States assistant treasurer in New York will pay out at his counter standard silver dollars or silver certificates in sums of $10, or any multiples thereof, in exchange for like amounts of gold coin or gold bullion deposited with him.
>
> "Upon the receipt by the Treasurer of the United States in this city of an original certificate of deposit issued by the United States assistant treasurer at New York, stating that there has been deposited with him gold coin or gold bullion in the sum of $10, or any multiple thereof, payment of a like amount in standard silver dollars or silver certificates at the counter of any United States assistant treasurer designated by the depositor will be ordered.
> JOHN SHERMAN, *Secretary*."

The Treasurer of the United States in his report to Congress dated November 1, 1880, says:

> The demand for silver certificates under the circular of the Department dated September 18, 1880, authorizing their exchange for gold coin and bullion, has been quite extensive at New Orleans, Saint Louis, Chicago, and Cincinnati, and there were paid out at these points during the month of October $3,485,000 in silver certificates for an equal amount of gold coin deposited in the sub-treasury in New York.

And in December, 1881, the Secretary of the Treasury in his report says:

> The Department has issued silver certificates at the several sub-treasury offices, upon a deposit of gold coin in like amount with the assistant treasurer at New York, and through this means certificates have been issued for nearly all the silver held by the Treasury. These certificates amount to about $66,000,000 and are now outstanding.

That condition of things doubtless rendered the following order necessary, as all or nearly all the silver coin in the Treasury was represented by outstanding silver certificates:

> TREASURY DEPARTMENT,
> SECRETARY'S OFFICE,
> WASHINGTON, D. C., November 1, 1881.
>
> Until further notice the exchange of silver certificates for gold coin deposited at the office of the United States assistant treasurer at New York will be suspended and Department circular No. 75, of September 18, 1880, is hereby modified accordingly.
> H. F. FRENCH,
> *Acting Secretary*.

Subsequently this restriction was removed for a time and over $80,000,000 of silver certificates were taken principally by the people of the South and West in exchange for gold coin. The privilege was finally withdrawn in January, 1885. I ask in view of these facts how it can properly be charged that the people will not use the silver coinage, that they are hoarding gold, that the depreciated paper will soon greatly impair the purchasing power of the poor man's wages, and that we are on the verge of a financial crisis unless we bring all our transactions at once to a gold basis?

It must not be forgotten that all the gold coin deposited for silver certificates became at once the property of the United States; it was not held in the Treasury for their redemption. An equal amount of silver coin took its place for that purpose at once. Men who owned gold all over the South and West, in Louisville, Indianapolis, Nashville, and other places, as well as those cities named in the report, sent their coin at their own expense to the assistant treasurer in New York in order to have silver certificates delivered to them for use as currency at home. Yet, during all that time, the bullion value of gold in London was at least 15 per cent. more than silver, and the country was being periodically alarmed, and Congress advised by our officials that gold was leaving the country, that silver was a degraded standard of value, and that its coinage must be stopped or its weight increased or ruin would speedily be upon us because of its depreciation in the London market.

The facts I have stated overthrow all the speculations of the theorists. Our business men gladly exchanged their gold coin for silver certificates and did not ask any better security for the paper they took than the silver dollar deposited in the Treasury. So far from hoarding gold because of its greater bullion value in a foreign market, they sent it to a distant depository to get the paper we are advised is dishonest money because it is depreciated 15 or 20 per cent. below gold in London. I have thus imperfectly outlined the reasons why I cannot sustain at this time a policy which seeks to withdraw either our legal-tender notes, the silver certificates, or stop the silver coinage, and I see no propriety in increasing the weight of our silver coin beyond the standard value fixed by law in July, 1870, under and by which all our outstanding bonded indebtedness is regulated. I am convinced that we can no longer look with safety to the national banks to furnish the country with a stable currency.

I insist that every creditor of the Government is by law entitled to be paid in the same coin, and that our Treasury officials should be required to pay silver as well as gold when received for custom dues to our bondholders, as they do to all others who have legal demands upon the Treasury; that done there will be no

need, at least for years to come, to strike down silver in any form. The country is now rallying from a long period of depression. All railroad securities recently fell 50 per cent. on the average in eighteen months. Wheat, cotton, cattle, hogs, all farm products, are even now so depressed that they leave no profit to the producer, even after he pays the lowest wages for which he can obtain labor in their production. Foreign nations are closing their ports against our leading exports and throwing all obstacles possible in the way of our commerce.

Our carrying trade is gone and is in the hands of our foreign competitors. We need to use all our resources of both gold and silver, and their paper representatives, to enable us to regain our lost prestige and to develop our resources in the most economical way. Contraction, or destruction of any part of our means is, in my judgment, fatal to our laboring and especially to our debtor classes. So believing, I am opposed to it.

Mr. President, I will only add that I have no interest in the silver question other than my conviction in regard to the best interest of the country. I never owned a dollar's worth of stock, directly or indirectly, in any silver or other mine. The people I represent here are not specially interested in it. We are in the central portion of this great continent, and our prosperity depends on the prosperity of every section. If hereafter I ascertain that I am wrong, and that the public good requires me to change my views, I hope I will have the courage to do so, and state the reasons therefor as frankly as I have given the reasons for my present convictions.

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